

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 26 – HB 53

January 8, 2021

SUMMARY OF BILL: Extends, from July 1, 2022 to July 1, 2028, the \$0.50 per barrel of beer tax and the temporary 0.4 percent tax on gross receipts of bottled soft drink sales, or to July 1 of any year following the enactment of any state or federal law that imposes mandatory deposits by consumers on beverage containers sold in this state, whichever occurs first.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The proposed legislation will allow for the continued collection of a temporary tax and thus prevent a recurring decrease in revenue to the Highway Fund of approximately \$4,524,700 in each year FY22-23 through FY27-28.

Assumptions:

- Public Chapter 307 of the Public Acts of 1981 was the original law enacted to generate revenue to be allocated to the Highway Fund for the purpose of funding programs for the prevention and collection of litter.
- Since enactment of such law, a bill such as this has passed approximately every six years to extend the tax on bottlers and manufacturers of soft drinks and storage, sales, distribution, or manufacture of beer needed to sustain funding for the litter control programs in Tennessee.
- In FY19-20 beer barrelage tax collection generated approximately \$17,014,095, of which \$1,982,995 is attributable to the \$0.50 per barrel earmarked portion $[(\$17,014,095 / \$4.29 \text{ total beer barrelage tax}) \times \$0.50 \text{ earmarked portion}]$.
- FY19-20 gross receipts tax on bottles of soft drinks generated approximately \$12,072,874, of which \$2,541,658 is attributable to the 0.4 percent earmarked portion $[(\$12,072,874 / 1.9\% \text{ total gross receipts tax}) \times 0.4\% \text{ earmarked portion}]$.
- The proposed legislation will prevent a recurring decrease of revenue to the Highway Fund of approximately \$4,524,653 $(\$1,982,995 + \$2,541,658)$ from FY22-23 through FY27-28.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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